

Treasury Inspector General for Tax Administration

Program Summary by Appropriations Account

(Dollars in thousands)

Appropriation	FY 2006	FY 2007		FY 2008		
	Enacted	President's Budget	CR-rate	President's Budget	\$ Change over CR-rate	% Change over CR-rate
Salaries and Expenses	\$131,953	\$136,469	\$131,953	\$140,553	\$8,600	6.5%
Audit	49,761	51,521	49,686	52,959	3,273	6.6%
Investigations	82,192	84,948	82,267	87,594	5,327	6.5%
Subtotal, Inspector General for Tax Administration	\$131,953	\$136,469	\$131,953	\$140,553	\$8,600	6.5%
Offsetting Collections - Reimbursables	1,200	1,200	1,200	1,200	0	0.0%
Total Program Operating Level	\$133,153	\$137,669	\$133,153	\$141,753	\$8,600	6.5%

Explanation of Request

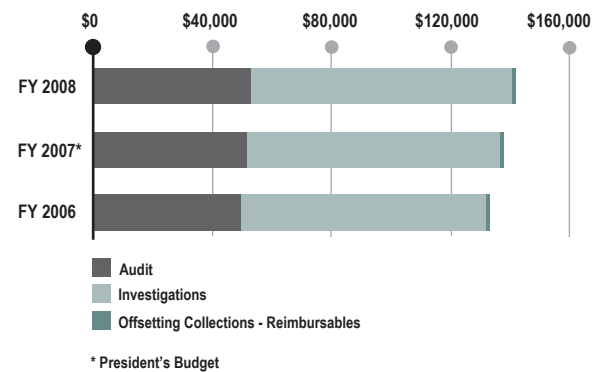
The FY 2008 President's Budget request for the Treasury Inspector General for Tax Administration (TIGTA) will be used to continue to provide critical audit and investigative services, ensuring the integrity of tax administration on behalf of the nation's taxpayers. While there are a number of critical areas where TIGTA will provide oversight, highlights of TIGTA's investigative and audit priorities include:

- Adapting to the Internal Revenue Service's (IRS) continuously evolving operations and mitigating intensified risks associated with modernization, outsourcing, and enforcement efforts.
- Responding to threats and attacks against IRS personnel, property, and sensitive information.
- Improving the integrity of IRS operations by detecting and deterring fraud, waste, abuse, or misconduct by IRS employees.
- Conducting comprehensive audits that include recommendations for cutting costs and enhancing IRS service to taxpayers.
- Informing Congress and the Secretary of the Treasury of problems and progress made to resolve them.

Total resources required in FY 2008 to support TIGTA's mission are \$141,753,000, including \$140,553,000 from direct appropriations, and approximately \$1,200,000 from reimbursable agreements.

TIGTA Funding History

(Dollars in Thousands)



Purpose of Program

TIGTA was created by Congress to provide independent oversight of the IRS. TIGTA's investigations and audits protect and promote the fair administration of the American tax system. TIGTA's responsibilities include ensuring that the IRS is accountable for more than \$2 trillion in tax revenue received each year. TIGTA's investigations protect the integrity of IRS employees, contractors, and other tax professionals; provide for infrastructure security; and protect the IRS from external attempts to threaten or corrupt the administration of the tax laws. TIGTA conducts audits that advise Congress, the Secretary of the Treasury, and IRS management of high risk issues, problems, and deficiencies related to the administration of IRS programs and operations. TIGTA's audit recommendations aim to improve IRS systems and operations, while maintaining fair and equitable treatment of taxpayers.

TIGTA FY 2008 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2006 Enacted	\$131,953
FY 2007 President's Budget	\$136,469
CR-rate Adjustment	(4,516)
FY 2007 CR-rate	\$131,953
Changes to base:	
Technical Adjustment to FY 2007 Base due to CR:	\$3,726
Base Adjustment	3,726
Maintaining Current Levels (MCLs):	\$4,874
Non-Pay Inflation Adjustment	672
Pay Annualization	579
Pay Inflation Adjustment	3,623
Subtotal FY 2008 Changes to Base	\$8,600
FY 2008 Base	\$140,553
Total FY 2008 President's Budget	\$140,553

FY 2008 Budget Adjustments

FY 2007 President's Budget

The FY 2007 President's Budget request for TIGTA is \$136,469,000.

Adjustments

CR-rate Adjustment - \$4,516,000 / -33 FTE Adjustment from the FY 2007 President's Budget to reach the FY 2007 Continuing Resolution annualized rate (CR-rate).

Technical Adjustment to FY 2007

Base due to CR

Base Adjustment +\$3,726,000 / +18 FTE Technical adjustment to FY 2007 base due to CR.

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +\$4,874,000 / +0 FTE Funds are requested for: FY 2008 cost of the January 2007 pay increase of \$579,000; proposed January 2008 pay raise of \$3,623,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$672,000.

Explanation of Budget Activities

Salaries and Expenses

Audit (\$52,959,000 from direct appropriations and \$725,000 from reimbursable programs) The Office of Audit's (OA) mission is to provide comprehensive coverage and oversight of all aspects of the IRS' daily operations. Audits not only focus on the economy and efficiency of IRS functions but also ensure that taxpayers' rights are protected and the taxpaying

public is adequately served. Overall, as of September 30, 2006, audit reports potentially produced financial accomplishments of \$1.8 billion, and potentially impacted approximately 1.8 million taxpayer accounts in areas such as taxpayer burden, rights, and entitlements. OA develops an annual audit plan that communicates oversight priorities to Congress, the Department of the Treasury, and the IRS. Emphasis is placed on mandatory coverage imposed by RRA 98 and other statutory authorities, as well as issues impacting computer security, taxpayer rights and privacy, and financial-related audits. OA's work focuses on IRS' major management challenges, IRS' progress in achieving its strategic goals, eliminating IRS' systemic weaknesses, and IRS' response to the President's Management Agenda initiatives.

Investigations (\$87,594,000 from direct appropriations and \$475,000 from reimbursable programs) TIGTA's mission includes the statutory responsibility to protect the integrity of tax administration and to protect the ability of the IRS to collect revenue for the federal government. To accomplish this, TIGTA's Office of Investigations (OI) investigates allegations of criminal violations and administrative misconduct by IRS employees, protects the IRS against external attempts to corrupt tax administration, and ensures IRS employee safety and IRS data and infrastructure security. Employee investigations include extortion, theft, taxpayer abuses, false statements, financial fraud, and unauthorized access (UNAX) of confidential taxpayer records by IRS employees. Investigations of external attempts to corrupt tax administration include bribes offered by taxpayers to compromise IRS employees, the use of fraudulent IRS documentation to commit crimes, taxpayer abuse by tax practitioners, impersonation of IRS employees, and the corruption of IRS programs through procurement fraud. TIGTA assists in maintaining IRS employee and infrastructure security by investigating incidents of sabotage, threats or assaults made against IRS employees, facilities, and infrastructure.

Legislative Proposals

TIGTA has no legislative proposals for FY 2008.

TIGTA Performance by Budget Activity

Budget Activity	Performance Measure	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Target Met?	Target	Target
Audit	Percentage of Audit Products Delivered When Promised to Stakeholders	N/A	N/A	N/A	N/A	Baseline	N/A
	Percentage of Recommendations Made That Have Been Implemented	N/A	N/A	N/A	N/A	Baseline	N/A
Investigations	Percentage of positive results from investigative activities (%) (Oe)	Baseline	82	79	✓	73	73

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

- Produced 171 audit reports potentially impacting approximately 1.8 million taxpayer accounts in areas such as taxpayer burden, rights, and entitlements, and identified approximately \$1.8 billion in potential costs savings and protected revenue.
- Closed 3,412 investigations, and achieved 79 percent positive results (e.g., referrals for prosecution or administrative action), including 1,485 cases of employee misconduct referred to the IRS for administrative action and 268 cases accepted for prosecution.

